



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/8/2003

GAIN Report #VE3006

## Venezuela

### Agricultural Situation

# 100 New Bolivarian Markets Planned 2003

Prepared by:

**Leanne E. Hogue**

**U.S. Embassy, Caracas**

Drafted by:

Clara Nuñez & Jonathan Martinez

---

#### **Report Highlights:**

**The Government of Venezuela recently approved the creation of 100 Sales Distribution Centers for Food. These new stores would compete with the exiting infrastructure which ranges from large supermarkets to small street stalls at a time when most sectors are struggling due to the poor economy.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Caracas [VE1], VE

## 100 NEW BOLIVARIAN MARKETS PLANNED

The Government of Venezuela (GOV) recently approved the creation of the "Exceptional Economic and Social Development Plan for the Reconstruction, Repair, Conditioning and Equipment of 100 Sales and Distribution Centers for Food and other Priority Products." The decision was published in the Official Gazette No. 37,722 of July 1, 2003. The promotion, implementation, and development of this plan will be done by the Ministry of Defense through its "Country Project Foundation" (Fundación Proyecto País.) The objective is to build or recondition 100 small food stores in the next 180 days in order to insure food security in the country. The food distribution would be directed to the poor population and would be at lower prices. The GOV indicates that the current food supply network is insufficient to guarantee food security in the country.

Of the 100 new food stores, 56 are to be constructed in the central area of the country, 24 in the western region and 20 in the eastern region. The stores will be of approximately 154 square meters with a storage capacity for 32 tons of food. Each center is budgeted to cost Bs. 121 million (\$ 75,625) for the building plus Bs. 26 million (\$ 16,250) for equipment. The plan also includes three larger storage and distribution centers of 274 square meters each. These centers are budgeted at Bs.200 million (\$ 125,000) for construction and Bs. 37 million (\$ 23,125) for equipment. Total project cost reaches almost \$10 million.

The announcement of the project is a bit surprising since there has been little public discussion of a shortage of distribution capacity in Venezuela. To the contrary, the supermarket infrastructure in Venezuela measured in number of stores has increased 25 percent since 1990, and in the case of the hypermarkets 119 percent since 1995. There are currently over 1000 supermarkets and 27 hypermarkets in Venezuela. The country still relies heavily on over 80,000 "abastos" or small neighborhood stores.

During the two-month national strike in December 2002 and January 2003 there was great concern that food supplies would be disrupted. But the National Supermarket Association (ANSA) and the Venezuelan Food Processors Association (CAVIDEA) implemented a food security plan working with the military and all basic food supplies remained available during this period. Supermarket hours were limited and some products were in short supply due to fuel shortages and the effect on distribution, but overall the private sector was able to provide a sufficient food supply during the strike.

The same Gazette notes an additional \$24 million being allocated to the Mercal program. Mercal or "Mercado de Alimentos C.A." is a government company created for the commercialization and marketing of food products at lower prices. The program also includes the strengthening of a network of storage houses for keeping the food products, as well as the program for garrisons and mega-markets. The program is focused on the offer of a basic basket of products which includes: dry milk, precooked corn flour, black beans, rice, vegetable oil, sardines, pasta, sugar, mortadella, margarine, deviled ham, eggs, mayonnaise and sauces.

Both of these projects, as well as the recent imports by CASA (see VE3005) indicate an increased interest on the part of the Venezuelan government in taking an active role in food supply and distribution.

The other food distribution network is the street vendors or "buhoneros". There are unregulated open-air stalls that traditionally sold imported products such as apples and grapes. The restrictions on imports and on dollars since January have cut those sales by 80%. The buhoneros are now selling more local product, such as mangos and bananas, but there is more competition and less profit. They have also begun to resell products under price control such as corn flour and at higher prices since they are not subject to the same regulations as the supermarkets.